

9/22 (10)

John Murray

To: Don Johnson

Heaton, the Town's pro-forma consultant, is not able to attend the BOA hearing on Sept. 25th, where he was to answer questions from the public concerning his pro-forma. He is available on Sept. 29, 30 and Oct 3. Garry has asked for board (BOA)member availability on those dates. Once the date is set, Garry will advise you of time and place. If BOS members wish to ask questions of the consultant, this will be their opportunity. Garry believes final BOS comments will be able to be submitted after such a meeting. However for a belt and suspender approach, the BOS should formally ask BOA to accept its final comments after the consultant has responded to public inquiries.

9/19/2003

John Murray

From: Peter Ashton
Sent: Friday, September 19, 2003 2:43 PM
To: Board of Selectmen; Don Johnson
Subject: Franklin Place

to all:

I do not know whether the Board wishes to make further comments on Franklin Place, but having nothing better to do on a rainy afternoon, I have played around with the spreadsheet model provided by the financial consultant Richard Heaton. As you are aware he has recommended the use of higher selling prices for both the market rate and affordable units as a way to make the project no less profitable than the proponent computed (and the state allows) while also reducing the number of units from 32 to 28. In reviewing the ACHC's comments and concerns regarding raising the selling prices, especially on the affordable units, I decided to plug in the lower sales prices numbers (\$155,000 for the affordable units and \$233.80 per sq. ft - \$317,000 - average price for the market rate units). Interestingly even after reducing the selling prices, the project still generates a rate of return that exceeds the proponent's return in its July 17, 2003 submittal. The PBT on revenue is 10% and the PBT on cost is 11.1%. Even if construction costs go up to \$88/sq. ft (a concern expressed by the developer) the project still exceeds the profit benchmarks at these lower selling prices and smaller scope.

It seems to me that the size of the development could be reduced (of course at the loss of one affordable unit, but possibly to the benefit of those who oppose the project) and selling prices would NOT have to be increased (a concern I certainly share with the ACHC), and the profit would still be adequate. Perhaps I am missing something in all of this (I have not read the entire transcript of the last hearing), but it seems to me a compromise might be possible here and one which the Board might want to propose.

Don - you might check with counsel to see if I have missed something here, although I thought his memo did a good job of framing the issues.

I'm not sure whether the hearing will be closed this coming week or not, but we might want to discuss whether we want to file any additional comments.

Peter

9/19/2003